Alberta weekly economic review

April 20, 2012

Consumer Price Index (CPI)

Alberta's inflation moderates as national rate plunges...

Alberta's annual inflation rate edged down in March. Consumer prices rose 1.7%, down slightly from the 1.9% reading in February. The decrease in the inflation rate was mainly due to a large drop in natural gas prices and slower growth in electricity and food prices. Excluding the volatile food and energy components, CPI inflation was 1.5% in March, indicating a lower contribution from these two components (see chart).

Nationally, the CPI inflation rate fell to 1.9% in March from 2.6% in February. The plunge was largely due to weaker gains in food and energy prices.

Manufacturing Shipments

Manufacturing activity continues to expand...

Alberta manufacturing shipments continued their ascent in February. Shipments rose 1.8% to $6.5 billion in February, which is an 18.4% jump from a year ago. The year-over-year growth was broad-based, with all industries reporting increases. Nationally, manufacturing shipments were down for the second straight month but up 6.3% over February 2011.

Resale Housing Market

Alberta home sales jump ...

Resale activity jumped to its highest level in more than two years in March. Sales of existing homes were up by 6.2% to 5,101 units last month, and up an impressive 18.5% over March 2011 levels. While volatile on a monthly basis, sales are on a clear upward trend, rising in each of the last six quarters. With new listings remaining relatively unchanged, the sales-to-new listings ratio edged up from 0.54 to 0.57. The ratio is inching the market towards seller's territory, but it remains balanced.

Meanwhile, the average home price was down 0.4% on a monthly basis to $358,988, but posted the largest year-over-year increase (2.3%) recorded in over a year. Nationally, house prices were down 0.6% over March 2011.

Non-Residential Building Construction Investment

Building construction advances, but remains below last year's level...

Real investment in non-residential construction in Alberta was $1.3 billion in the first quarter of 2012, 0.7% more than the previous quarter, marking the second straight quarterly increase. However, the value was 3.2% below last year's level, due to a 55.0% decrease in the government/institutional construction. The decline reflects the continuing completion of major infrastructure projects across the province. Excluding the government/institutional component, real non-residential investment was up 17.5% over last year.

New Motor Vehicle Sales

Auto sales cool in February, but post impressive year-over-year gain ...

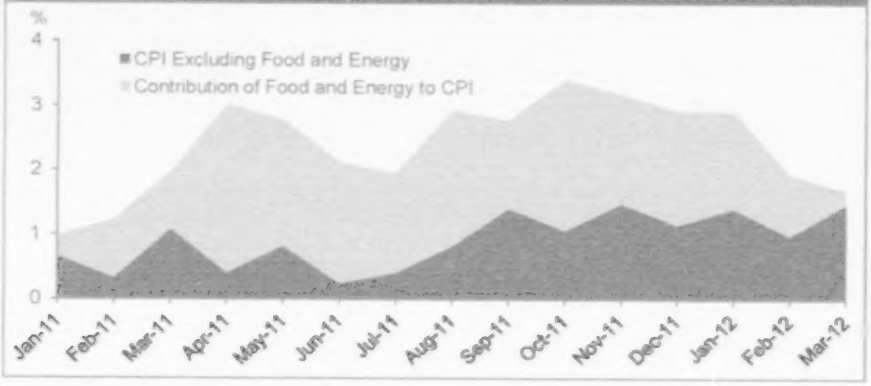
After touching the highest level in almost four years in January, auto sales in Alberta cooled by 3.4% to 20,129 in February. Despite the monthly loss, sales surged by 15.1% over the same month last year. This is the twelfth consecutive month of year-over-year gains, reflecting continued consumer confidence in the Alberta economy.

Bank of Canada (BoC) Interest Rate Decision

BoC maintains policy rate ...

The BoC maintained the overnight target rate at 1%. According to the Bank, the recent improvement in the global economic outlook bodes well for Canada and could help the Canadian economy return to full capacity earlier than previously anticipated. Oil supply disruption could also push up headline inflation in Canada.

Alberta CPI Inflation



Closing Prices	April 12, 2012	April 19, 2012	2012–13 Fiscal YTD
Canadian Dollar ($US/$CAN)	100.50	100.74	100.45
WTI Oil ($US/bbl)	$103.64	$102.27	102.98
NYMEX Natural Gas ($US/MMBtu)	$1.98	$1.91	$2.05

Alberta Economic Indicators[1]

Population	2010	2011	2012YTD	Oct	Nov	Dec	Jan	Feb	Mar
Population* ('000s)	3,623	3,779	3,878	3,799			3,818		
% change	1.3	1.6	2.6	1.7			2		
Net Interprovincial Migration* (level)	-2,183	13,600	9,146	2,139			6,010		
Net International Migration* (level)	21,500	14,000	15,870	7,580			6,297		
Net Non-permanent Residents* (level)	77	-7,949	2,400	2,256			305		
Labour Market									
Employment ('000s)	2,017	2,064	2,152	2,152	2,162	2,153	2,130	2,128	2,132
% change	0.4	3.8	4.3	4.4	4.9	4.9	3.9	3.8	3.1
Unemployment Rate (%)	6.5	5.5	5.1	5.1	5.0	4.9	4.8	5.0	5.3
Participation Rate (%)	72.9	73.7	73.9	74.1	74.2	74.0	74.1	73.7	74.0
Average Weekly Earnings ($)	990	1,039.5	1,065.5	1,052.8	1,049.9	1,049.8	1,066.5		
% change	4.5	4.7	3.5	4.5	3.9	4.4	3.5		
Price Indices									
NEW: Consumer Price Index	1.9	2.4	2.2	2.4	2.2	2.0	2.0	1.9	1.7
Excluding food and energy	0.8	0.8	1.3	1.1	1.5	1.2	1.4	1.0	1.3
Non Res. Building Const. Price Index*	-0.1	3.4				4			
Farm Product Price Index	3.9	17.4	5.5	12.9	12.6	10.3	6.6		
Crops	-14.5	19.1	-4.1	3.7	4.5	1.9	-4.1		
Livestock	5.7	17.2	15.0	19.4	19.4	17.6	15		
Household Sector									
Housing Starts (CMHC, '000's)	20.9	25.5	21.2	33.1	30.1	26.6	26.9	32.1	30.5
% change	34.5	5.3	49.1	25.4	35.6	36.3	34.2	42.7	49.0
New Housing Price Index*	0.5	0.4	0.4	0.7	0.4	0.5	0.7	0.2	--
Edmonton	-0.8	0.9	0.7	1.1	1.1	1.3	1.3	0.1	--
Calgary	1.7	0.1	0.2	0.3	0.2	0.1	0.1	0.4	--
NEW: MLS Average Resale Prices ($ '000's)	350.9	352.7	354.2	352.3	355.6	361.0	341.0	360.5	359.0
% change	3.1	0.5	0.3	1.4	0.3	3.7	-2.7	1.2	-0.4
Edmonton ($ '000's)	326.5	326.5	330.5	326.7	330.0	339.0	305.3	334.5	331.0
% change	2.3	0.7	2.8	0.2	0.9	1.3	0.7	4.6	-3.0
Calgary ($ '000's)	397.4	401.9	398.6	401.5	400.7	405.4	378.5	410.5	406.8
% change	3.4	1.1	-1.2	1.4	0.2	3.7	0.2	0.5	-2.2
Retail Sales	6.0	7.0	9.40	10.5	7.8	7.6	9.4	--	--
NEW: New Motor Vehicle Sales	9.5	9.6	18.5	19.0	13.5	12.4	21.9	16.1	--
Consumer Bankruptcies (level)	8,150	5,960*	--	510	--	--	--	--	--
% change	18.4	-14.3*	--	-6.4	--	--	--	--	--
Business Sector									
Rigs Drilling (level)	207	285	299.0	360	328	408	401	457	398
% change	61.3	37.9	3.7	28.7	10.4	35.6	7.6	0.9	7.5
Goods Exports (customs based)	12.4	18.3	15.0	20.3	28.4	14.3	13.5	16.7	--
Energy	17.2	19.2	14.7	23.8	29.8	14.6	12.8	16.9	--
Agriculture	-14.4	21.4	22.8	36.5	31.7	30.3	27.4	18.4	--
Total Farm Cash Receipts (quarterly)	3.9	16.2				22.3			
NEW: Manufacturing Shipments	11.0	18.0	17.5	17.0	25.7	16.3	16.6	18.4	--
Wholesale Trade	10.6	14.5	15.9	17.8	15.1	14.2	15.9	--	--
Building Permits	2.1	11.2	-4.6	11.5	10.7	48.0	23.4	22.7	--
Residential	24.7	4.7	36.8	20.5	30.0	33.6	24.2	58.5	--
Non- residential	19.0	20.4	-33.9	-0.6	-10.1	-72.1	51.7	-53.2	--
Business Bankruptcies (level)	378	227*	--	30	--	--	--	--	--
% change	-6.7	-27.9*	--	25.0	--	--	--	--	--

YTD (year- to- date) represents the change since the beginning of the year compared to the same period in the previous year.

[1] Unless otherwise indicated, all figures are year- over- year percentage change.

[2] Quarterly, annual numbers are presented on a census year basis (July 1 – June 30).

[3] Quarterly, average of Calgary and Edmonton.

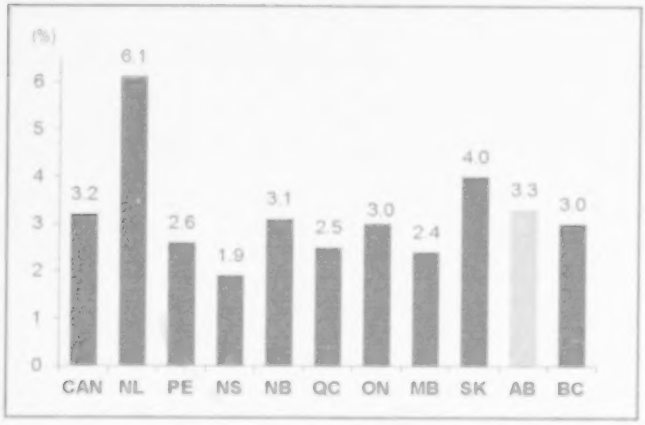
[4] Average of Calgary and Edmonton.

* Represents 2011 year- to- date.

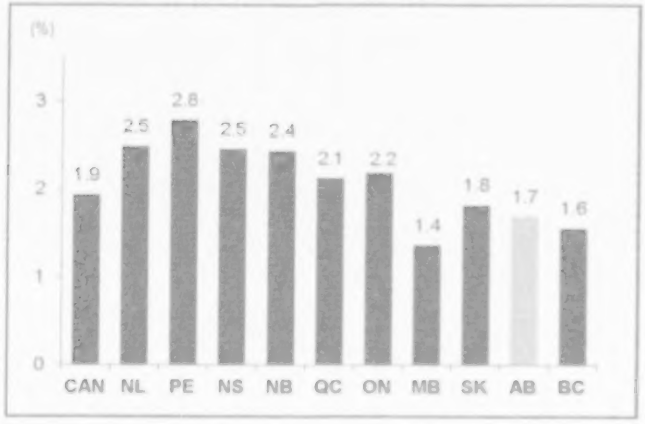
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

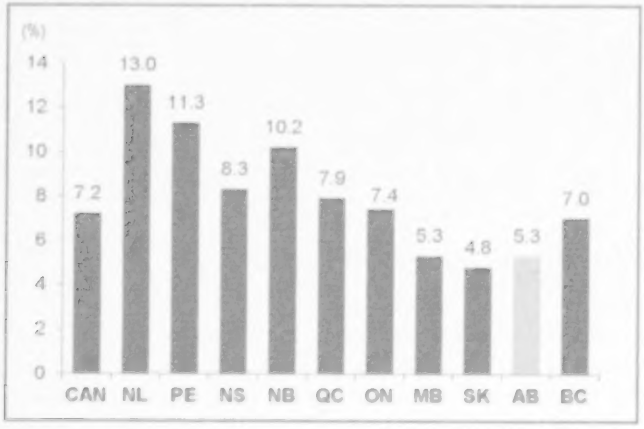
Real GDP Growth by Province
(2010, year-over-year growth)



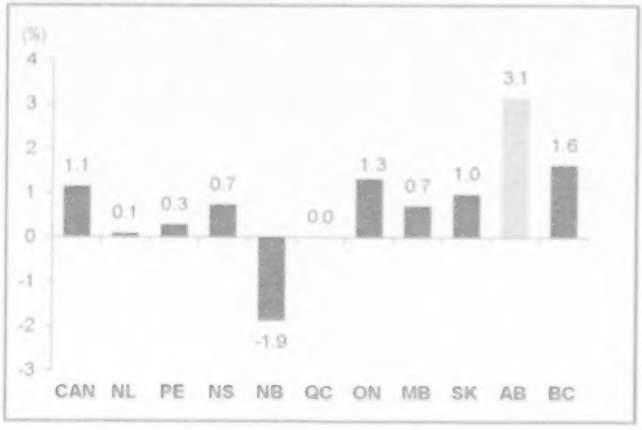
CPI Inflation
(March 2012, year-over-year growth)



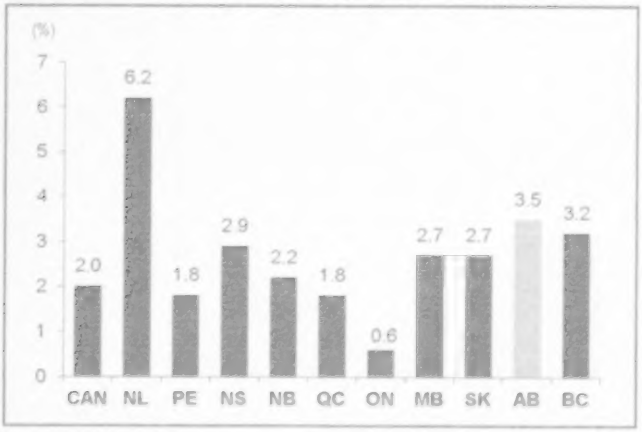
Unemployment Rate
(March 2012)



Employment
(March 2012, year-over-year growth)



Average Weekly Earnings
(January 2012, year-over-year growth)



Housing Starts
(March 2012, SAAR, year-over-year growth)